GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:90
ANSWERED ON:10.08.2007
MECHANISM OF I.T. ASSESSMENT
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Patel Shri Kishanbhai Vestabhai

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has recently changed and revised the scrutiny mechanism of income tax assessment;

(b) if so, the details thereof;

(c) whether it has effected the scrutiny mechanism;

(d) if so, the details thereof; and

(e) the extent to which the collection of tax is likely to be improved by the changed scrutiny mechanism of assessment?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): The legal provisions relating to scrutiny of income tax assessment remain the same as prescribed in Section 143 of the I.T. Act. However, internal guidelines for the selection of cases for scrutiny have undergone changes recently.

(b): Changes have been made with a view to reduce human intervention and discretion in selection of cases for scrutiny and shift to Computer Assisted Selection of Scrutiny (CASS) system.

(c): Yes, Sir.

(d): Selection of cases is being made through CASS as well as manually under the scrutiny guidelines prescribing well defined parameters based on risk assessment every year. Broad parameters for selection of cases are as under:-

Cases are selected for scrutiny based on risk analysis conducted through computer- assisted programme and also manually with reference to parameters decided every year for the entire tax-payer population, inter alia, considering factors like gross income, deductions and exemptions claimed, legal issues involved in litigation, quantum and nature of specific transactions, status of assessees, etc.

(e): It is not possible to exactly quantify the likely improvement in collection of tax by the changed scrutiny mechanism of assessment. However, it is expected that the changed scrutiny mechanism will result in selection of potential revenue cases thereby improving the collection of tax substantially.